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U.S. Department of Agriculture  
Office of the Secretary

For Immediate Release

The Mood of American Agriculture: Is It Changing?

I appreciate this opportunity to represent Secretary of Agriculture Bob Bergland and to participate in this U.S. wheat seminar.

A brief review of the importance of farm exports to U.S. producers--indeed all citizens of the United States--illustrates the Secretary's interest in these meetings.

U.S. farm exports have helped encourage efficiencies in our Nation's food and fiber production system. Today, the production from one-third of all planted acres in the U.S. is exported. This volume accounts for one-fifth of our farmers' gross income. Wheat and wheat product exports generated almost \$4.2 billion in export sales, and over 60 percent of U.S.-produced wheat will be exported.

U.S. farm exports have a positive impact on lowering our Nation's trade deficit. They have done so for well over 10 years, and for the past 5 years, agricultural exports have generated surpluses in excess of \$10 billion each year. This past year it was almost \$14 billion, and we expect it to go higher this year.

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Remarks prepared for delivery by James C. Webster, Director, Office of Governmental and Public Affairs, U.S. Department of Agriculture, before the U.S. Wheat Seminar, Singapore, March 28, 1979

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U.S. agricultural exports reduce farm program costs to taxpayers. Because U.S. farmers produce for domestic and world markets, greater market opportunities are available. This helps reduce the need for government support.

U.S. agricultural exports stimulate business activity outside the agricultural sector of our economy. For each dollar of farm exports, 96 cents worth of additional business activity is generated and almost 70 cents of this is to non-farm sectors of our economy.

U.S. agricultural exports have created almost 1.2 million full-time jobs on and off the farm.

Many of you are well aware of these figures, but they graphically substantiate the comments by Secretary Bergland before the House of Representatives Foreign Affairs Committee earlier this year, when he said:

"There is probably no statement which more accurately depicts the role of American agriculture in the world than to say that the world and U.S. agriculture are becoming increasingly interdependent. For the American farmer, the importance of agricultural trade cannot be overstated."

It is easy to answer "yes" to the question: "Is The Mood of American Agriculture Changing?"

It is far more important to try to answer the question: "Why is American agriculture changing?"

I can remember how different the process of establishing agricultural policy and laws was even ten years ago. It was not complicated. Public interest in farm policy was narrowly focused. Only the rural members of Congress were involved in working with farm organizations and the Department of Agriculture. The programs recommended were generally accepted by the Committees and sent to the Congress for approval, often with little or no debate.

But, as we moved toward the 1970's, farm policy moved into the national spotlight. There were the major grain sales to the Soviet Union. There were food price increases and the consumer concern. There were government-imposed export embargoes. Our government reduced food aid when it was needed the most. We witnessed the severity of drought and disaster at home and abroad. The entire U.S. domestic economy was affected by these events.

After these events, considerably more time was devoted by Government and the public to debating farm policies and programs than anytime in recent history.

When food prices increased, farm legislation that in the past had been enacted routinely, attracted the attention of Members of Congress with urban constituencies.

As grain exports grabbed headlines, farm policy became a subject of interest to members of the Foreign Relations Committees.

As concern grew over Government expenditures for food and agriculture, so did the interest of members of the Appropriations Committees.

These were not the only actions that caught the public's attention. The tremendous strides in productivity by U.S. farmers were due in part to newer and stronger pesticides and herbicides, and environmentalists entered the policy debate.



Two years ago when Bob Bergland became Secretary, we undertook an extensive review of existing policies and programs. Basic farm laws were expiring, and many argued that the policies of the early 1970's were not in the long-term best interests of most U.S. farmers and ranchers. Past policies and programs did not provide effectively for long-term stability or growth for the U.S. in world trade, nor did they recognize the real threat to economic stability caused by weather variations.

Secretary Bergland and President Carter took one additional step when they formalized an interagency Working Group on Food and Agriculture. This group provides continuing advice and expertise from throughout the Federal Government into proposed policy decisions by the Secretary and the President.

This is only a brief explanation of the increased awareness and importance inside and outside Government agricultural policies and their impact on our Nation. It is one of the major reasons for the thoroughness with which this complex issue was approached in 1977 when the Food and Agriculture Act was formulated, debated and ultimately enacted into law.

We were concerned that farm policies had too long ignored the realities of the marketplace and the important interrelationship of U.S. agriculture and the rest of the world. In addition, we were very aware of the need for these policies to provide economic protection to U.S. producers and consumers.

We evolved a different set of goals to allow the U.S. to remain competitive in world markets and use our ability to produce food and fiber as a way to achieve greater world cooperation and peace. We placed a high priority on flexibility to be able to deal with changing world conditions, and provide food aid and developmental assistance on a continuing basis.

We recognized that the sentiment for many sectors in the U.S., but concluded that it was detrimental to the long-term best interests of agriculture and the United States as a whole.

This then led to the 1977 Act.



It established price support (commodity loans) at levels to ensure that the U.S. would be competitive in world markets. It provided the Secretary of Agriculture with the authority to reduce loan levels, if the U.S. became less competitive. It also provided a method for direct payments by the government to support farm prices at a level covering most production expenses.

It reaffirmed the decision by the Carter Administration in April of 1977 to establish a farmer-owned food and feed grain reserve. It was designed to remove excess, price-depressing stocks from the market when supplies were abundant and not needed, and return these supplies to the market when production is less than required to meet domestic use and exports.

It provided the Secretary of Agriculture with the authority to reduce crop acreages to more closely align production with demand.

And it provided for the use of our P.L. 480 program for development rather than simply as a surplus-disposal program.

I would also like to point out that we have addressed the grain quality issue. Buyers of U.S. wheat and other grains have told us that the problems they had a few years ago are becoming less frequent.

For the past two years, we have implemented wheat programs with a 20 percent set-aside provision. The compliance with this program has been very good and U.S. wheat production has been reduced.

This year, for the first time in five years, we expect ending wheat stocks to decline--this in spite of record supplies in the past marketing year. The problem of set-asides and the immensely successful reserve, coupled with our market development programs have worked and worked well, particularly in wheat.

But we have not been as successful in reaching accord for a new International Wheat Agreement.

As most of you know, agreement was not reached in February in Geneva. The United States negotiated in good faith, but we made clear our position that we were not willing to make all of the concessions for the world.

There was not agreement on an adequate reserve stock size, crucial to providing stability in world wheat trading. The amount suggested would not have established an adequate floor in times of excess supplies, nor would it have acted as a damper to avert sharp increases in prices when wheat was in short supply.

The price ranges proposed were below our farmers' costs of production.

To use the Wheat Trade Convention as an aid-transfer mechanism would not adequately address the problem of storing or accumulating wheat stocks in developing countries. Yet, the United States does stand committed to substantially expanded food aid and we have made that position well known.

Actions must ultimately be taken to reach some price stability in international wheat markets, and we are examining all alternatives. America's farmers, the United States Congress and the Administration will press for actions to maintain equitable market shares. But, we are not willing to be residual suppliers and make all of the adjustments in production that are necessary on a global basis.

The United States is committed to being a reliable supplier of quality wheat and wheat products. This, we believe, is absolutely necessary to maintain our existing export markets and to develop new ones.

We are working closely with cooperator organizations to tell the advantages of U.S. farm products, and we intend to do more in the market development support in the future.

The mood of American agriculture has changed and continues to change. It has changed because of public awareness. It has changed because of world events. It has changed because of the interest and involvement by the U.S. Congress.

We no longer have a narrowly-focused farm policy in the United States. We have a food and agriculture policy that recognizes the legitimate interests and concerns of our producers and the importance of stable supplies for consumer, both in the U.S. and in other countries. I believe this change is for the best, and can ultimately result in even better ideas and programs than we have seen in the past.

Thank you.

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